

DEPARTMENT OF CORPORATIONS

State of California • Business, Transportation and Housing Agency

Gray Davis
Governor

Demetrios A. Boutris
California Corporations Commissioner

June 17, 2002

Mr. Richard A. Grasso
Chairman and Chief Executive Officer
New York Stock Exchange, Inc.
11 Wall Street
New York, New York 10005

RE: Proposed Listing Standards of the New York Stock Exchange, Inc ("NYSE")

Dear Chairman Grasso:

The California Department of Corporations, California Investment and Financing Authority, has concluded that the corporate listing standards recommended by the New York Stock Exchange Corporate Accountability and Listing Standards Committee on June 6, 2002, constitute a positive and necessary step towards restoring trust in the financial services marketplace.

That trust has been severely eroded by recent events, including the Enron debacle, Merrill Lynch analyst doubletalk, energy round-tripping, the excesses of corporate insiders in Tyco and Adelphia, and restatements of earnings by numerous companies. The financial markets together with American business must rebuild that trust by ensuring that corporate insiders, employee-shareholders, and ordinary investors share equal risks and enjoy equal choices.

The NYSE's proposals constitute the best effort that we have seen towards achieving these goals. You have set the standard for the other exchanges and inter-dealer quotation systems, and we look to them to follow your lead.

We applaud your efforts and look forward to working with you to restore trust and to develop an improved and more efficient American business model.

Very truly yours,

DEMETRIOS A. BOUTRIS
California Corporations Commissioner
& Special Counsel to the Governor

cc: Mr. Leon E. Panetta

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